

Two Methods of Measuring Farm-Linked Employment

The Economic Research Service uses two methods to measure economywide employment related to agriculture. Both methods are widely respected, and, while they provide different employment totals, both point to the continued importance of farm-related jobs in an era when direct farm employment has declined to modest levels. Both methods also recognize the wide-ranging influence of farm-related activity in the U.S. economy beyond the farm gate.

The two methods each have strengths and weaknesses. The Food and Fiber System (FFS) estimates are based on a method that explicitly models the interrelationships between various sectors of the economy. The farm and farm-related (FFR) estimates have a close relationship to the U.S. Department of Commerce's National Income and Product Accounts. The FFR estimates have the advantage of rich geographic detail that can provide valuable information about the importance of agriculture in various regions of the country.

Farm and Farm-Related Employment

The Census Bureau's enhanced County Business Patterns data are combined with farm employment data from the Bureau of Economic Analysis to estimate farm and farm-related employment (app. tables 4 and 5). Farm and farm-related employment includes jobs not only in farm production, but also in its closely related industries—agricultural services, forestry, and fishing; agricultural inputs; and processing and marketing of agricultural goods—as well as industries peripherally related to farming—wholesale and retail trade of agricultural products and indirect agribusiness. Farm and farm-related industries are identified as industries having 50 percent or more of their national workforce employed in providing goods and services necessary to satisfy the final demand for agricultural products. An exception to this criterion is indirect agribusiness, in which percentages range between 32 and 50 percent. [Alex Majchrowicz, 202-694-5355, alexm@econ.ag.gov]

Food and Fiber System

The Food and Fiber System (FFS) is the set of producers of goods and services required to assemble, process, and distribute raw farm products to U.S. and foreign consumers (app. table 6). FFS employment estimates are developed using a national input-output model that describes input use and factor payments for each sector of the economy. The model is used to estimate the amount of employment in each sector needed to support the final demands for agricultural products. Thus, this measure may include jobs in all sectors of the economy, even those where the link to agriculture is weak. However, unlike the FFR measure, the FFS estimates do not count all jobs in a particular sector; only the jobs needed to support demand for agricultural products are counted. The FFS measure is available at the State and national level. [William Edmondson, 202-694-5374, wedmonds@econ.ag.gov]